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10 11	PAUL ŘEICHE III and ROBERT FREDERICK		
12	UNITED STATES DISTRICT COURT NORTHERN DISTRICT OF CALIFORNIA, OAKLAND DIVISION		
13	STARDOCK SYSTEMS, INC.,	Case No. 4:17-CV-07025-SBA	
14	Plaintiff,	DEFENDANTS AND COUNTER- CLAIMANTS PAUL REICHE III AND	
15	v.	ROBERT FREDERICK FORD'S COUNTERCLAIM FOR:	
16 17	PAUL REICHE III and ROBERT FREDERICK FORD,	1) COPYRIGHT INFRINGEMENT – 17 U.S.C. § 501	
18	Defendants.	2) DECLARATORY JUDGMENT RE: OWNERSHIP OF COPYRIGHTS	
19 20	FREDERICK FORD,	3) UNFAIR COMPETITION – LANHAM ACT § 43(a) (15 U.S.C. § 1125(a))	
21	Counter-Claimants, v.	4) COMMON LAW TRADEMARK INFRINGEMENT AND UNFAIR	
22 23	STARDOCK SYSTEMS, INC., Counter-Defendant.	COMPETITION 5) UNFAIR COMPETITION (CAL. BUS. & PROF. CODE § 17200 ET SEQ.)	
24 25		6) CANCELLATION OF U.S. TRADEMARK REGISTRATION NO. 2,046,036	
26 27		7) CONVERSION	
$\begin{bmatrix} 27 \\ 28 \end{bmatrix}$		DEMAND FOR JURY TRIAL	

2635.000/1257563.1

Defendants and Counter-Claimants Paul Reiche III ("Reiche") and Robert Frederick Ford ("Ford") (collectively, "Reiche and Ford") hereby file the following Counterclaim against Plaintiff and Counter-Defendant Stardock Systems, Inc. ("Stardock") as follows:

INTRODUCTION

- 1. Reiche and Ford bring this Counterclaim to take back control over their rights to the Star Control and Star Control II computer games, and to stop Stardock from infringing on their copyrights to the games and engaging in other forms of unfair competition.
- 2. Reiche and Ford created and developed Star Control and Star Control II between 1988 and 1992. The games quickly acquired a cult status among computer game enthusiasts, and ultimately grew to be regarded as some of the all-time classic and best computer games in history. Reiche initially licensed the games to be published by a company called Accolade, Inc. ("Accolade"), which later became Atari, Inc. ("Atari"), but the license agreement expired and all rights to the games reverted back to Reiche in 2001. Reiche and Ford then released an opensource version of Star Control II called The Ur-Quan Masters in 2002, which reinvigorated interest in the game and introduced it to a new generation of gamers. Since that time, Reiche and Ford have always planned to return to their Star Control universe and develop a sequel to The Ur-Quan Masters, once they were ready to take a step back from their positions as directors of the video game studio they founded nearly 30 years ago, Toys for Bob.
- 3. In 2013, Stardock purportedly acquired from Atari trademark rights to the Star Control name and partial copyrights for an unsuccessful sequel that Accolade had published in 1996 called Star Control 3. Stardock then requested Reiche and Ford's assistance in developing a new Star Control game, and a license to use material from Star Control and Star Control II. Reiche and Ford repeatedly declined both requests as they had their own plans.
- 4. Undeterred, and notwithstanding Stardock's repeated prior admissions that Reiche and Ford own all rights to Star Control and Star Control II, including The Ur-Quan Masters, Stardock recently embarked on a series of unlawful actions in a transparent effort to steal these rights from Reiche and Ford. Stardock now claims that it owns copyrights to all of the Star

1	Control games, and that Reiche and Ford did not create Star Control and Star Control II, both of	
2	which are outright lies. Over the past 4-5 months, Reiche and Ford tried hard to resolve this	
3	matter informally with Stardock. Unfortunately, Stardock's decision to file suit, while at the same	
4	time expanding its infringement of Reiche and Ford's intellectual property rights, leaves them	
5	with no choice but to seek relief through this action.	
6	PARTIES	
7	5. Counter-Claimant Paul Reiche III is an individual who resides in Novato,	
8	California.	
9	6. Counter-Claimant Robert Frederick Ford is an individual who resides in Novato	Э,
10	California.	
11	7. On information and belief, Counter-Defendant Stardock Systems, Inc. is a	
12	Michigan corporation located in Plymouth, Michigan, but until recently and during most of the	
13	events set forth herein, had a location in Sunnyvale, California.	
14	JURISDICTION AND VENUE	
15	8. This Court has related claim jurisdiction over this counterclaim under 28 U.S.C	•
16	§ 1367, and also has subject matter jurisdiction under 28 U.S.C. §§ 1331, 1338.	
17	9. This Court has personal jurisdiction over Stardock because of its filing this action	on,
18	and because on information and belief, Stardock transacts substantial business in California an	d in
19	this District, and moreover: a) it purposefully directed its activities toward California and/or	
20	availed itself of the benefits afforded by California's laws; b) the claims arise out of or relate to	
21	Stardock's forum-related activities; and c) the exercise of jurisdiction comports with fair play and	
22	substantial justice.	
23	10. Venue is proper in this district under 28 U.S.C. § 1391 because a substantial par	rt of
24	the events giving rise to the counterclaim occurred here.	
25	INTRADISTRICT ASSIGNMENT	
26	11. Assignment to this Division is proper because this action arises in Marin Count	y in
27	that a substantial part of the events or omissions which give rise to the claims occurred in Mari	in

County.

FACTUAL BACKGROUND

Reiche and Ford's Creation and Development of Star Control and Star Control II

- 12. In the Summer of 1988, Reiche created the concept for Star Control and made a proposal to develop it to multiple video game publishing companies, including Accolade.
- 13. Effective October 7, 1988, Accolade and Reiche entered into a License Agreement, attached hereto as **Exhibit 1** ("1988 License Agreement"), whereby Reiche (the "Developer") agreed to develop Star Control and two other computer games and to grant Accolade (the "Publisher") an exclusive license to publish such games for the Sales Term of the agreement, in exchange for Accolade paying certain royalties and advances to Reiche. The "Sales Term" of the 1988 License Agreement would run as long as the licensed work generated royalties of at least \$1,000 per year.
- 14. Paragraph 7.1 of the 1988 License Agreement provided that if Accolade became bankrupt, then unless the bankruptcy was terminated within ninety (90) days, all rights to all Work and Derivative Work would revert to Reiche. Paragraph 7.2 provided that all licenses granted under the agreement would automatically be deemed assigned to Reiche concurrently with the termination of the agreement, but that termination of the agreement would not affect Accolade's obligation to pay royalties for sale of the Work or Derivative Works.
- 15. Paragraph 10.2 of the 1988 License Agreement provided that in the event of termination of the agreement, each party would return all property including "plans, drawings, specifications, papers, computer hardware or related equipment, documents, manuals, computer programs, and other records, including all copies thereof, belonging to the other party"
- 16. Paragraph 11.4 of the 1988 License Agreement provided that "[Reiche] shall be the owner of the copyright and all other proprietary rights in the Work" the three computer software programs "and all Derivative Works by [Reiche]," and that "[Accolade] shall be the owner of the copyright and all other proprietary rights in all Derivative Works by [Accolade] … subject to [Reiche]'s copyright in the Work and all Derivative Works by [Reiche] and the provisions of Paragraph 7."

17. Paragraphs 11.4-11.5 of the 1988 License Agreement also provided that "[Accolade] shall be the owner of the title, packaging concept and packaging design for the Work and Derivative Works," and that "[a]ny trademarks adopted and used by [Accolade] in the marketing of the Work, Derivative Works ... are the sole property of [Accolade]."

- 18. Paragraph 12.1 of the 1988 License Agreement provided that it could not be assigned by Accolade without Reiche's consent, and that it was binding on any permitted successors and assigns.
- 19. Paragraph 12.2 of the 1988 License Agreement provided that all disputes arising in connection with the agreement would be resolved by arbitration by the International Chamber of Commerce, and that the prevailing party in any such proceeding would be entitled to reasonable attorneys' fees and costs.
- 20. From around February 1989 through June 1990, Reiche and Ford created and developed Star Control, and Accolade published the game around July 1, 1990.
- 21. From around the Summer of 1990 through late 1992, Reiche and Ford created and developed Star Control II as the second game under the 1988 License Agreement, and Accolade published the game around November 1, 1992.
- 22. Reiche and Ford were the primary authors of most of the creative materials incorporated into both games, including, without limitation, the game design, narrative fiction, art, sound effects, software code, and other materials. Others collaborated in varying ways and degrees in the development of the games as more specifically described and credited in each game's respective game manual. However, Stardock's new claim that in light of this collaboration, Reiche and Ford did not create Star Control and Star Control II, is like saying that George Lucas did not create Star Wars because he had help from other people in making the movies.
- 23. On information and belief, as required by the 1988 License Agreement, Accolade placed on each copy of Star Control the copyright notice "© 1990 Paul Reiche III & Fred Ford" and on each copy of Star Control II the copyright notice "© 1992 Paul Reiche III & Fred Ford."

24. Star Control and Star Control II were both successful in terms of sales, and received substantial critical acclaim around the time of their release and in subsequent years. For example, in 1996, *Computer Gaming World* ranked Star Control II as the 29th best game of all time, and Star Control as the 127th best game of all time. More recently, in 2005, IGN named Star Control II the 17th best game of all time. Reviewers praised the graphics, dialogue, and quality of the gameplay, among other things. A few years ago, Star Control II emerged as the consistent favorite in a crowd-sourced list of the best PC games of all time:

https://kotaku.com/the-game-that-won-our-classic-pc-games-list-if-it-ha-1349952997

- 25. Accolade ultimately decided not to move forward with the third game proposed by Reiche and Ford to be developed under the 1988 License Agreement.
- 26. Effective November 19, 1993, Accolade and Reiche entered into Addendum No. 1 to the 1988 License Agreement, a copy of which is attached as **Exhibit 2**, in which they agreed that the Product Development Term was over. Addendum No. 1 allowed Reiche to develop and a company called Crystal Dynamics, Inc. to publish a 3DO version of Star Control II in exchange for the payment of an advance and royalties to Accolade. The 3DO version of Star Control II was released in the first half of 1994 with the copyright notice "© 1994 Fred Ford & Paul Reiche III."

Star Control 3 and 4 and Expiration of the 1988 License Agreement

27. Effective February 1, 1995, Accolade and Reiche entered into Addendum No. 2 to the 1988 License Agreement, a copy of which is attached as **Exhibit 3**, to allow Accolade to develop and publish "Star Control III" without Reiche but using "characters, names, likenesses, characteristics, and other intellectual property rights pertaining to Star Control I and Star Control II in which Reiche has an ownership interest" (hereinafter "Reiche's Preexisting Characters"), in exchange for the payment of an advance and royalties to Reiche. Star Control 3 was ultimately developed by a company called Legend Entertainment, and published by Accolade on or about August 31, 1996 with the notice "based upon characters created and used under license from Paul Reiche III and Fred Ford." Star Control 3 was not as successful, nor as well-received as Star Control and Star Control II.

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- 28. Star Control, Star Control II, and Star Control 3 are hereinafter collectively referred to as the "Classic Star Control Games."
- 29. In January 1997, Accolade met with Reiche and Ford to discuss future plans for the Star Control franchise. Accolade offered to purchase all rights to Star Control, Star Control II, and any other Star Control products from Reiche. Accolade admitted then that Reiche and Ford created and owned Star Control, including "its themes, settings, plot lines, characters, its 'essence' as entity unique from any other science-fiction game," and that Star Control 3 was created with Reiche and Ford's permission under agreements with Accolade. The parties continued to negotiate but could not come to agreement on the purchase price or other terms at that time.
- 30. In November 1997, Accolade asked instead for a perpetual exclusive license to the classic background material for Star Control and Star Control II for use in a new Star Control game and potential future sequels. Accolade stated that "[c]urrently, Accolade owns the rights to the title Star Control, and [Reiche and Ford] own the rights to the classic background material created for Star Control and Star Control 2," and that "[Accolade] would like to unify the Star Control license" Reiche and Ford rejected the offer because they believed that over the long haul: a) the Star Control universe was significantly more valuable; b) they would someday want to explore those opportunities; and c) accepting Accolade's proposal would mean losing this chance forever. Accolade then asked Reiche and Ford to "identify the material that we should steer clear of in our game so that we can avoid any conflict with your material."
- 31. In December 1997, Accolade made another offer to Reiche and Ford and they were ultimately able to agree on terms of a new license to Reiche and Ford's material.
- 32. Effective April 1, 1998, Accolade and Reiche entered into Addendum No. 3 to the 1988 License Agreement, a copy of which is attached as **Exhibit 4**, to allow Accolade to develop and publish new versions and sequels to the Classic Star Control Games using "all characters, names, likenesses, characteristics, plot line, setting, source code, and any proprietary rights that Reiche has in and to" the Classic Star Control Games, and any Derivative Works, in exchange for the payment of an advance and royalties to Reiche.
 - 33. Paragraph 1.5 of Addendum No. 3 stated that:

"Reiche Intellectual Property" means the copyright and other intellectual property rights (excluding trademarks) owned by Reiche, as set forth in the Agreement and Addenda Nos. 1 and 2 to the Agreement, in and to (a) Star Control I for PC, Amiga and Sega, (b) Star Control II for PC and 3DO, (c) any accompanying documentation, and (d) the Star Control II cluebook. The Reiche Intellectual Property shall include proprietary rights in and to any source code, names (of starships and alien races), characters, plot lines, setting, terminology unique to the Star Control products, and music in and to (a) – (d) above.

- 34. Paragraph 4.1 of Addendum No. 3 provided that the term of the agreement was three years, with an option to renew for another three years only if Accolade published a new Star Control game in the meantime, and that upon expiration or termination, "all rights granted and obligations imposed hereunder shall terminate and rights to the Reiche Intellectual Property granted hereunder shall revert to Reiche."
- 35. Paragraph 7 of Addendum No. 3 provided that if Accolade did not publish any new versions or sequels to Star Control, then it would negotiate in good faith with Reiche a license to any trademarks adopted and used to market the Classic Star Control Games.
- 36. On information and belief, on or around April 1, 1999, Accolade was acquired by Infogrames.
- 37. Accolade never paid Reiche any advances or royalties under Addendum No. 3 after the initial advance of \$10,000 in 1998 because it never released another Star Control game. On information and belief, Accolade also paid no royalties to Reiche and Ford for sales of the Classic Star Control Games after 2000 at the latest, indicating that it had stopped selling them. Thus, the 1988 License Agreement and Addenda Nos. 1-3 expired and terminated no later than April 1, 2001, either by virtue of expiration of the term set forth therein and/or Accolade's failure to pay royalties. Thus, all rights to Star Control, Star Control II, and Reiche's Preexisting Characters used in Star Control 3 reverted to Reiche on or about April 1, 2001.

Accolade's Successors' Abandonment and Fraudulent Renewal of the Registration for the Star Control Trademark

38. In mid-2002, Accolade and Reiche and Ford negotiated regarding transfer of the Star Control trademark rights, and Accolade indicated that it was no longer using the name and had no plans to do so in the future. Nevertheless, the parties did not reach agreement on terms.

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- 39. On November 25, 2002, Accolade assigned U.S. Trademark Registration No. 2,046,036 for STAR CONTROL to Infogrames, and on March 17, 2003, Infogrames filed with the United States Patent and Trademark Office ("USPTO") a Declaration of Use and Incontestability attaching a picture of the Star Control II packaging from 1994 as the Specimen of Use. On information and belief, this was a fraudulent statement to the USPTO because Accolade had not sold any Star Control game, including the pictured version of Star Control II, since at least 2000 and perhaps even earlier, as evidenced by the lack of royalty payments to Reiche and Ford since that time.
 - 40. In or around May 2003, Infogrames was renamed Atari.
- 41. On September 18, 2007, Atari filed with the USPTO a Declaration of Use in Commerce and Application for Renewal of Registration for the STAR CONTROL mark. On information and belief, this was a fraudulent statement to the USPTO because Atari was not using the STAR CONTROL mark in interstate commerce at that time, nor had it done so since at least 2000. Further, on information and belief, Atari did not use the STAR CONTROL mark through at least early 2011.

Reiche and Ford's Continued Development of the Star Control Universe Through The Ur-Quan Masters and Agreement with Atari to Resume Sales of the Classic Star Control Games

- 42. On August 1, 2002, having regained all rights to their games, Reiche and Ford released an open source edition of Star Control II derived from the 3DO version which was free to use in a non-commercial context. As they could not reach agreement with Accolade to acquire or use the Star Control trademark rights, they released the game under the name "The Ur-Quan Masters," which Accolade knew and did not object to. Reiche and Ford have used the mark THE UR-QUAN MASTERS at least since then in connection with distributing the open source edition of Star Control II.
- 43. Star Control, Star Control II, including The Ur-Quan Masters, and Reiche's Preexisting Characters used in Star Control 3 are hereinafter referred to as "Reiche and Ford's Star Control Games."

- 44. Over the years since their various releases, Reiche, Ford, and Reiche and Ford's Star Control Games themselves have acquired a valuable fame, reputation and goodwill among the purchasing public.
- 45. In addition, Reiche and Ford own U.S. Copyright Registration No. PA 2-071-496 for the work titled "Star Control II," which covers all computer program code for that game (hereinafter, "Reiche and Ford Registered Copyrights"). A copy of the registration certificate for the Reiche and Ford Registered Copyrights is attached hereto as **Exhibit 6**.
- 46. In April 2006, Reiche and Ford spoke with Atari about potentially publishing Star Control and Star Control II through an online video game service called Gametap, but failed to agree on terms, and Reiche and Ford informed Atari that they did not wish to renew the expired 1988 License Agreement or go forward with any of the potential new deals discussed at that time.
- 47. On or about April 1, 2011, Reiche and Ford learned that a company called Good Old Games was selling Star Control and Star Control II on its website, GOG.com (hereinafter "GOG"), without Reiche and Ford's permission and in violation of their copyrights. On April 19, 2011, Reiche and Ford contacted GOG and informed it that GOG could not sell the games without Reiche and Ford's consent. GOG responded that it was doing so pursuant to an agreement with Atari. On information and belief, such agreement between GOG and Atari was called the "Digital Distribution Agreement" and was dated March 10, 2010.
- 48. On April 22, 2011, Reiche and Ford notified Atari and GOG that Reiche and Ford were the authors and owners of Star Control and Star Control II and had not given permission for Atari to sell them. Reiche and Ford reminded Atari that while Accolade once held the publishing rights, such rights had expired long ago and that any purported agreement by Atari concerning Reiche and Ford's work violated their rights. However, Reiche and Ford invited further discussion that might enable the continued publishing of their games by GOG.
- 49. On April 25, 2011, Atari responded that its counsel had checked and Reiche and Ford were correct. Atari notified GOG to remove and take down the Star Control Games and to remit all revenues from sales of the games to Reiche and Ford.

50. On April 29, 2011, Reiche and Ford again invited Atari to engage in further discussion about how to continue distributing the Star Control Games, perhaps by splitting the revenue and Atari's allowing the use of any Star Control trademarks. Atari agreed to discuss it further.

- 51. On May 17, 2011, GOG informed Reiche and Ford that it had reached an agreement with Atari, but were discussing whether to execute a three-party agreement or separate agreements with Reiche and Ford and with Atari. On May 23, 2011, Atari advised Reiche and Ford that it was amending its agreement with GOG such that Atari would get 25% of the net revenue from sales of the Classic Star Control Games, while Reiche and Ford would get 25% of the net revenue under a separate agreement with GOG.
- 52. On January 2, 2012 (with an effective date of April 1, 2011), GOG and Reiche and Ford entered into the Digital Distribution Agreement to provide GOG with a non-exclusive license to distribute the Classic Star Control Games in exchange for royalties of 25% of net revenue, a copy of which is attached hereto as **Exhibit 7**. The agreement specifically noted that GOG would obtain "the rights for the Products names and related trademarks ... from the respectful [*sic*] rights holder."

Stardock Purportedly Buys Star Control Trademark and Star Control 3 Copyright

- 53. On information and belief, in 2013 Atari filed for bankruptcy and put its assets up for auction, including the "Star Control Franchise" consisting only of "Star Control 3." On information and belief, Atari purportedly sold its "Star Control Assets" to Stardock under a Purchase Agreement dated July 18, 2013. The Purchase Agreement defined the Purchased Assets as including the Intellectual Property identified on Schedule 1.01(a), the contracts listed on Schedule 2.01(b), and certain causes of action related to the Intellectual Property. Any other assets and properties of Atari were excluded from the Purchased Assets.
- 54. The Purchase Agreement filed with and approved by the bankruptcy court, a copy of which is attached hereto as **Exhibit 5**, did not include any Schedule 1.01(a) or Schedule 2.01(b), and thus did not transfer any intellectual property or contract rights to Stardock.

- 55. Stardock has submitted with its Complaint purported schedules of the Intellectual Property encompassed in the Purchased Assets, which list the following intellectual property purportedly transferred from Atari to Stardock: a) U.S. Trademark Registration No. 2,046,036 for the STAR CONTROL mark; and b) U.S. Copyright Registration No. PA 799-000 for Star Control 3.
- 56. Stardock separately sent Reiche and Ford a purported schedule of the contracts encompassed in the Purchased Assets, a copy of which is attached as **Exhibit 8**, which lists:
 - Atari's Digital Distribution Agreement with GOG Limited (Good Old Games),
 dated 3/1/2010, purportedly only for Star Control 3; and
 - Accolade's License Agreement with Reiche, dated 10/7/1988, only as to Star Control 3.
- 57. Even if these schedules are authentic, Atari did not purport to sell, nor did it even own or have the right to sell, any rights to Reiche and Ford's Star Control Games to Stardock, including Reiche's Preexisting Characters used in Star Control 3. Moreover, the 1988 License Agreement and Addendum No. 2 relating to Star Control 3 had terminated and expired over a decade earlier. Even if it could have been assigned, Reiche never consented to it as required by Paragraph 12.1 of the 1988 License Agreement.

Reiche and Ford Repeatedly Reject Stardock's Requests to License Reiche and Ford's Star Control Games for Use in Stardock's New Game

- 58. On July 22, 2013, Stardock's CEO, Brad Wardell, introduced himself to Reiche via email and said he had acquired Atari's rights to Star Control, and wanted to create a new Star Control game existing "within the 'universe' that [Reiche and Ford] created." Wardell asked to use Reiche and Ford's game lore and universe in exchange for a license agreement with royalties. He also asked if Reiche and Ford would be interested and able to help with the new game.
- 59. On July 23, 2013, Reiche responded that he and Ford: a) would consider the request; b) stated that they personally own the copyrights to Reiche and Ford's Star Control Games; and c) noted their and Atari's recent agreements with GOG to distribute the games. Wardell responded "[t]hat is my reading of the agreement too."

- 60. On July 24, 2013, Stardock announced its acquisition and plan to release a new game inspired by Star Control II but that it would not be a sequel to the Classic Star Control Games. Wardell admitted that "Atari doesn't actually own the copyright on Star Control 1/2 so it's not like one could make a Star Control 2 HD or what have you without a license from Paul Reiche."
- 61. On July 30, 2013, Wardell asked again for Reiche and Ford to be involved in developing his new game, and to license "the Star Control 1/2 universe (aliens, lore, etc.)" from Reiche and Ford.
- 62. On August 6, 2013, Wardell asked again if Reiche and Ford could collaborate on a new Star Control, and they responded the next day that they probably could not. Wardell then asked again "would you be interested in pursuing a licensing agreement for use of the Star Control 1/2 lore?" He explained that "[w]e'd really like to set the new Star Control game with the aliens and lore that you previously created."
- 63. On August 14, 2013, Wardell asked again "would you be interested in setting up a licensing agreement to use your existing Star Control 1/2 lore and aliens?"
- 64. On September 16, 2013, Reiche and Ford responded that they would not participate in his new game because, among other things:

Fred and I are just not comfortable handing over our world to be developed by others. We've been discussing this for almost 20 years and we've always regarded a return to Star Control as our dream project – something we'd work on as soon as we found the opportunity. I know this will be a disappointment for you and your team, but Fred and I still have a Star Control plan and we're not ready to give it up yet. Thanks so much for your interest in and appreciation of our work.

- 65. Later that day, Wardell acknowledged their response, and over the next six weeks, tried instead to sell Reiche and Ford "the Star Control IP" that he thought he had acquired from Atari.
- 66. On October 29, 2013, Reiche and Ford responded that "we aren't interested in the Star Control assets you purchased from Atari. Thanks for the offer though."
- 67. In summation, Reiche and Ford rejected Stardock's requests to: a) collaborate on a new Star Control game; b) license Reiche and Ford's Star Control Games or any portion thereof

for use in such a new game; and/or c) sell them the Star Control IP purportedly purchased from Atari.

Stardock Begins Making False Statements About Reiche and Ford's Involvement in Its New Game, and Asks Reiche and Ford Again Repeatedly to License Their Star Control Games, Which They Refuse

- 68. Notwithstanding the above, on January 3, 2014 Wardell gave an interview in which he made a series of false or misleading statements about connections between Stardock and Reiche and Ford. For example, Wardell falsely stated that he had "talked to [Reiche and Ford] quite a bit" and would "be talking to Paul and Fred as we go forward" about Stardock's new game, when in fact they had never spoken and Reiche and Ford had wholly declined to work with Stardock on the game. Wardell misleadingly suggested that Reiche and Ford simply could not be "officially" involved because of their existing jobs, when in fact they actually declined any involvement because they did not want Stardock or anyone else to further develop their world, and they had always planned to work on it themselves in the future. Wardell claimed that the new Star Control game would be on a new continuity and be a prequel to Star Control II to allow Reiche and Ford to continue the main Star Control plot in the future. However, he also admitted that the new game would include one or more of the ships from Reiche and Ford's Star Control Games, as well as the multiplayer ship-to-ship combat feature called "Super Melee" from Star Control II. He also indicated that the Classic Star Control Games would remain on sale at GOG.com.
- 69. Later on January 3, 2014, Wardell emailed Reiche and Ford to clarify that "the new Star Control will not make use of the lore/history/aliens of Star Control 1/2 without your express consent." However, he asked whether they might be willing to allow certain characters from Reiche and Ford's Star Control Games to appear in the new game, and offered to pay royalties for licensing their IP from the Classic Star Control Games. Wardell sent another email later that day reiterating that "the new Star Control game will not be making use of any of the Star Control 1/2 IP (which in this case means alien names, alien designs, lore, art, music, ship designs) without your express permission … ."

- 70. On or about March 4, 2015, Reiche and Ford briefly met Wardell and Derek Paxton from Stardock for the first and only time at the annual Game Developers Conference in San Francisco, California. Wardell again asked Reiche and Ford to work on Stardock's new Star Control game, and they once again said no.
- 71. On September 24, 2015, Wardell emailed Reiche and Ford and again reiterated that "the new Star Control won't be making use of the lore or aliens from your universe. We've made sure to post this publicly repeatedly so that there is a written public record that Stardock has zero rights to the classic Star Control 2 lore (aliens, ships, story, etc.). The new game will be a reboot with its own continuity." However, he once again asked if Stardock could have certain characters from Reiche and Ford's Star Control Games appear in the new game.
- 72. On October 1, 2015, Reiche and Ford responded once again that they would not participate in Stardock's new game, nor would they license the use of certain characters nor "any other classic Star Control elements," because "Fred and I want to keep our copywritten material from Star Control exclusive to our own future project." Wardell acknowledged that this was "[t]otally understandable."
- 73. On November 20, 2015, Wardell again reiterated that "[w]e have been making it very clear that you and Fred personally own the rights to the Star Control classic aliens and lore and that the new game won't be including them."
- 74. On December 3, 2015, Wardell emailed Reiche and Ford and asked if they would be interested in licensing the alien races from Reiche and Ford's Star Control Games for another Stardock game called Galactic Civilizations III. Reiche and Ford later learned that Wardell had already "borrowed" heavily from Star Control II for the Galactic Civilizations game. Wardell previously described the back story for Galactic Civilizations as follows:
 - I must admit, I borrowed some concepts from Star Control 2. The Precursors were not lifted from Babylon 5 or Stargate or whatever. They were inspired from Star Control 2. I always dreamed that there'd be a SC3 that would expand on who these Precursors and the extra-dimensional beings. I have no idea what they had in mind but I thought it was a very cool concept.
- He elsewhere admitted that "using the in-game custom race creator, I have also made the Ur-Quan (from Star Control)"

- 75. On October 12, 2016, Wardell informed Reiche and Ford that the new game would be called "Star Control: Origins" to avoid any implication that it is a reboot or replacement for the Classic Star Control Games. He again asked to work with Reiche and Ford in the future on "the Ur-Quan universe" covering Star Control and Star Control II, and asked "to release an update to Star Control 1/2 under the existing agreement (50/50) split if we can get your permission for the 25th anniversary."
- 76. On July 28, 2017, Wardell asked Reiche and Ford if, in light of the upcoming 25th anniversary of Star Control II, they would do "an interview regarding your work on Star Control 1/2, the Ur-Quan Masters, past, present and future of your universe." Wardell noted that Star Control: Origins included the Super Melee feature from Star Control II, and a ship designer that would enable players to construct ships from Reiche and Ford's Star Control Games, among other things. In fact, Wardell revealed previously that a ship from Reiche and Ford's Star Control Games, the Earthling Cruiser, had already been constructed within Galactic Civilizations III. Reiche and Ford later learned that many ships and alien races from Reiche and Ford's Star Control Games appeared in Galactic Civilizations.
- 77. On August 1, 2017, Reiche and Ford responded that they were saving their energy for their own anniversary plans, which they were not yet ready to talk about.
- 78. On September 15, 2017, Wardell emailed Reiche and Ford again that "the Star Control alien IP and such belongs to you personally" and asking if Stardock could "license the Star Control 2 Super Melee ships for the new Super Melee in exchange for a small royalty on every copy of the new Star Control."
- 79. On September 29, 2017, Wardell emailed Reiche and Ford that Stardock planned to release "the Super Melee beta" in October and asking if they objected to inclusion of the ships from Star Control 1 and 2.
- 80. On October 4, 2017, Reiche and Ford responded that they planned to work on "a sequel to Star Control 2 as a passion project," and that "[w]e will be needing and using all our IP in this endeavor and do not want to confuse our product with yours by licensing bits of it out (e.g. the ships from Star Control 1 and 2)."

81. Wardell responded later that day and claimed for the first time that Stardock already had a license to use Reiche and Ford's IP under the 1988 License Agreement, even though that agreement had terminated and expired in 2001.

82. On October 6, 2017, Reiche and Ford reiterated their "plans to release a sequel to Star Control II - The Ur-Quan Masters," and that:

As we've said to you several times over the past years, we do not want Stardock to use any of our IP, and that remains our position today. ... Despite your suggestion below, you do not have a license to use our IP. All rights to our work reverted to us long ago. You (and Atari) previously acknowledged same. Further, time and again you have asked for a new license, notwithstanding our consistent rejections. Kindly do not use our IP in your game. If already added, please remove it before release.

- 83. On October 6, 2017, Wardell responded admitting that "there is no disagreement that you own the IP," and that "[y]ou have always owned the IP and that continues to be our position." However, he argued that Stardock had publishing rights and licenses to the IP under the 1988 License Agreement. He also claimed that "[a]s you have previously requested, we are not using your IP in [Star Control: Origins]."
- Agreement was still in effect because Stardock and Atari before them had been selling the products and paying royalties for many years. In fact, as noted above, neither Accolade nor Atari had sold the games or paid any royalties from about 2001-2011, so the 1988 License Agreement expired in 2001. The Classic Star Control Games were only sold after 2011 pursuant to new agreements between Reiche and Ford and GOG, and between Atari and GOG. Wardell admitted again that "Stardock does not contest your ownership of the underlying IP. I have stated on numerous occasions publicly that the Ur-Quan universe is owned by Paul Reiche and Fred Ford."
- 85. On October 7, 2017, Reiche and Ford responded and pointed out that they had received no royalties for many years and therefore the 1988 License Agreement had expired. They also notified Wardell that his planned use of "Super Melee" from Star Control II in Star Control: Origins was not authorized and asked that it not be used.
 - 86. Wardell responded later that day rejecting their requests and threatening litigation.

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87. On October 9, 2017, Reiche and Ford finally announced their long-awaited plans to create and develop a new game that would be a sequel to The Ur-Quan Masters to be called "Ghosts of the Precursors."

Stardock's Copyright and Trademark Infringement and Other Unfair Competition

88. Seemingly in response to Reiche and Ford's announcement and refusal to license their Star Control Games, in October 2017, Reiche and Ford learned that Stardock had begun selling the Classic Star Control Games through Steam, a digital distribution platform, without Reiche and Ford's permission and in violation of their copyrights. Stardock also began improperly using Reiche and Ford's THE UR-QUAN MASTERS mark on Stardock's website in marketing the Classic Star Control Games. A screenshot of Stardock's website with links to buy these games through Steam, and showing an example of Stardock's use of THE UR-QUAN MASTERS mark is below:



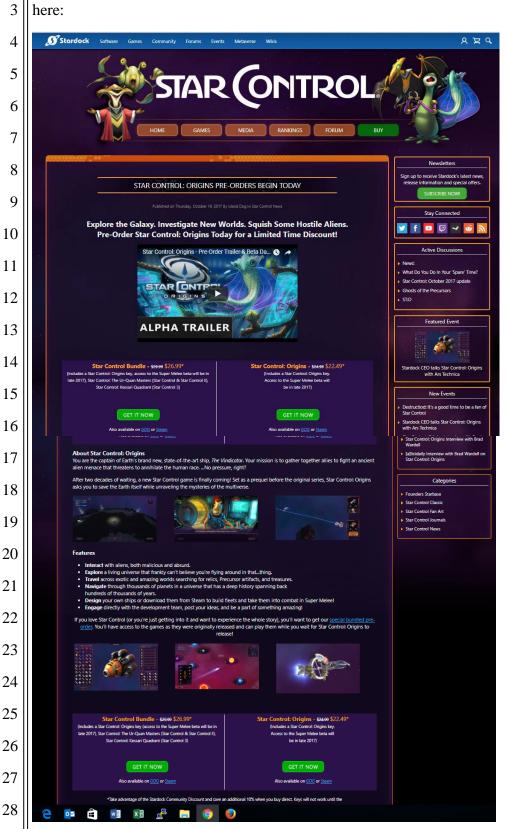
89. In December 2017, Reiche and Ford sent Steam a notice of infringement and request to remove the Classic Star Control Games, but Stardock sent Steam a counter-notice, and Stardock and Steam have continued selling the games unabated.

90. In light of Stardock's infringement and apparent abandonment of the revenue split that had been agreed-upon with Atari in 2011, Reiche and Ford terminated their agreement with GOG in or around November 2017 and, at GOG's request, sent it a notice of infringement and request to remove the Classic Star Control Games, which it complied with on or about December 6, 2017. But again, Stardock sent GOG a counter-notice and, as a result, GOG has resumed selling the Classic Star Control Games.

91. Stardock has also done everything possible to create connections in the minds of the public between itself and Star Control: Origins, on the one hand, and Reiche and Ford and their Star Control Games, on the other hand. For example, on or about October 19, 2017, Wardell gave another interview in which he falsely stated that he had been talking with Reiche and Ford frequently about Star Control: Origins, when in fact they had only spoken once briefly at the Game Developers Conference as described above, and Reiche and Ford had repeatedly declined any involvement with Star Control: Origins. Wardell also provided the following graphic that misleadingly suggested that Reiche and Ford and their Star Control Games and future sequel were connected to Stardock's new game, identified here as "Scryve Universe (SCO)":

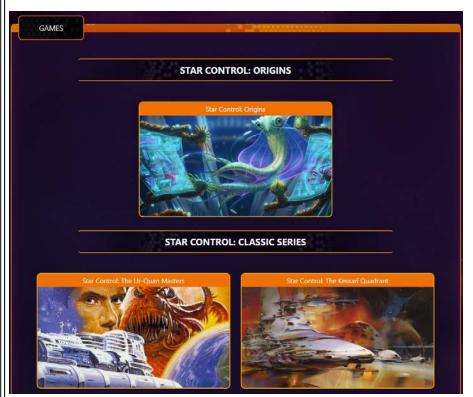


92. That same day, Stardock began offering pre-orders of Star Control: Origins bundled with "Star Control: The Ur-Quan Masters (Star Control & Star Control II)" as shown here:



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93. Stardock also set up a website showing all the games together:



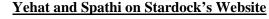
94. In November 2017, Stardock released a beta version of Star Control: Origins, including content from Reiche and Ford's Star Control Games without their permission and in violation of their copyrights.

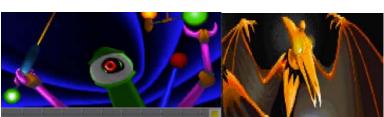
95. For example, on information and belief, Star Control: Origins includes one or more ships from Reiche and Ford's Star Control Games as shown in this screenshot:



- 96. Star Control: Origins also includes a ship-creator tool that allows players to easily recreate ships from Reiche and Ford's Star Control Games and then share them with all other players, as Wardell and Stardock had previously done in its other game Galactic Civilizations. In fact, Wardell has indicated that the next version of Star Control: Origins will include the ability to create stars, planets, alien races, narratives, and gameplay scenario missions, and on information and belief, this will include the ability to easily create all of the content from Reiche and Ford's Star Control Games, and then share it with all other players, again, as Stardock had previously done in Galactic Civilizations.
- 97. Star Control: Origins also refers to the police force as "Star Control," which is part of the lore from Reiche and Ford's Star Control Games, and repeatedly refers to the Precursors, who are characters referenced in Reiche and Ford's Star Control Games.
- 98. In addition to infringement in the game itself, Stardock has also extensively used material from Reiche and Ford's Star Control Games on Stardock's website and in marketing both the Classic Star Control Games and Star Control: Origins.
- 99. For example, Stardock has copied alien races from Reiche and Ford's Star Control Games for promotional use on its website, despite Reiche and Ford's repeated refusals to license such characters to Stardock, *e.g.*:

Yehat & Spathi in Reiche and Ford's Star Control Games





Orz in Reiche and Ford's Star Control Games



Orz on Stardock's Website





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100. The parties engaged in extensive settlement discussions from October-December 2017, but Stardock ultimately broke off negotiations and filed suit against Reiche and Ford in mid-December, claiming for the first time that it owns copyrights to all of the Classic Star Control Games, not just Star Control 3, and that Accolade and not Reiche and Ford created Star Control and Star Control II, among other things.

FIRST CAUSE OF ACTION

(Copyright Infringement – 17 U.S.C. § 501)

- 101. Reiche and Ford reallege and incorporate herein by reference their responses to paragraphs 1 through 100 above as if set forth in full.
- 102. Reiche and Ford are the owners of all copyrights to Reiche and Ford's Star Control Games, and particularly the Reiche and Ford Registered Copyrights.
- 103. Without Reiche and Ford's permission, Stardock has reproduced, copied, distributed, sold, displayed, and/or created derivative works from the Reiche and Ford Registered Copyrights.
- 104. Stardock's actions violate Reiche and Ford's exclusive rights to reproduce, distribute, display, and create derivative works from the Reiche and Ford Registered Copyrights, and constitute infringement under 17 U.S.C. § 501.
- 105. Stardock's actions have caused Reiche and Ford injury, and such conduct has been willful and malicious and without excuse or justification for which Reiche and Ford are entitled to recover their damages and Stardock's profits or, in the alternative, statutory damages, as well as their attorneys' fees and costs, under 17 U.S.C. § 504.
- 106. In addition, Stardock's actions described above have caused, and unless enjoined will continue to cause, irreparable harm to Reiche and Ford for which they have no adequate remedy at law. Accordingly, Reiche and Ford are entitled to preliminary and permanent injunctions preventing and restraining Stardock's infringing conduct as to Reiche and Ford's Star Control Games, including, but not limited to, the Reiche and Ford Registered Copyrights pursuant to 17 U.S.C. § 502.

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SECOND CAUSE OF ACTION

(Declaratory Judgment re: Ownership of Copyrights)

- 107. Reiche and Ford reallege and incorporate herein by reference their responses to paragraphs 1 through 106 above as if set forth in full.
- 108. As explained above, pursuant to the 1988 License Agreement and Addenda Nos.1-3 with Accolade, Reiche and Ford own the copyrights to Reiche and Ford's Star Control Games.
- 109. However, in the Complaint and elsewhere, Stardock now claims to own the copyrights to the Classic Star Control Games, which include Reiche and Ford's Star Control Games.
- 110. As a result, there exists a substantial controversy of sufficient immediacy and reality between Reiche and Ford and Stardock to warrant the issuance of a declaratory judgment that Reiche and Ford are the rightful owners of the copyrights in question.

THIRD CAUSE OF ACTION

(Unfair Competition – Lanham Act § 43(a) (15 U.S.C. § 1125(a))

- 111. Reiche and Ford reallege and incorporate herein by reference their responses to paragraphs 1 through 110 above as if set forth in full.
- 112. Stardock's aforementioned acts constitute unfair competition in violation of § 43(a) of the Lanham Act, 15 U.S.C. § 1125(a).
- 113. For example, Stardock's use of the mark THE UR-QUAN MASTERS in connection with its goods and services and false or misleading statements concerning Reiche and Ford's involvement with and connection to Stardock's goods and services, including, but not limited to, Star Control: Origins, is likely to cause confusion or mistake or deception as to the affiliation, connection, or association of Stardock with Reiche and Ford, and/or as to the origin, sponsorship, or approval of Stardock's goods, services, and/or commercial activities by Reiche and Ford.
- 114. As a proximate result of Stardock's unfair competition, Reiche and Ford have suffered and will continue to suffer loss of income, profits, and goodwill, and Stardock has and will continue to unfairly acquire income, profits, and goodwill.

11	5.	Stardock's wrongful conduct is and has been willful and malicious and without
excuse or	justif	ication. Reiche and Ford are, therefore, entitled to recover three times their
damages, Stardock's profits, as well as their attorneys' fees and costs, pursuant to 15 U.S.C.		
§ 1117.		

116. The injury to Reiche and Ford is and continues to be ongoing and irreparable. An award of monetary damages alone cannot fully compensate Reiche and Ford for their injuries and they lack an adequate remedy at law. Accordingly, Reiche and Ford are entitled to preliminary and permanent injunctions preventing and restraining Stardock from further violating § 43(a) of the Lanham Act, pursuant to 15 U.S.C. § 1116.

FOURTH CAUSE OF ACTION

(Common Law Trademark Infringement and Unfair Competition)

- 117. Reiche and Ford reallege and incorporate herein by reference their responses to paragraphs 1 through 116 above as if set forth in full.
- 118. Stardock has violated Reiche and Ford's exclusive common law rights in the mark THE UR-QUAN MASTERS.
- 119. Reiche and Ford have continuously used the mark THE UR-QUAN MASTERS in connection with offering their goods and services in California and elsewhere since at least 2002. As such, Reiche and Ford have garnered common law rights in the mark.
- 120. Stardock's unauthorized activities described herein, particularly its use of the mark THE UR-QUAN MASTERS in connection with Stardock's goods and services, are likely to cause confusion and mistake in the minds of the public as to the connection to, association with, and/or sponsorship by Reiche and Ford's goods and services, and therefore constitute trademark infringement and unfair competition under common law.
- 121. Stardock's activities described herein were and are willful and intentional acts of trademark infringement.
- 122. As a direct and proximate result, Reiche and Ford have suffered injury and harm, including damages.

- Stardock's activities have caused, and if not enjoined will continue to cause, irreparable harm and damage to Reiche and Ford's trademark rights, and they have no adequate
- Stardock has engaged in its unlawful conduct alleged herein intentionally, maliciously, fraudulently and oppressively, entitling Reiche and Ford to punitive and exemplary

FIFTH CAUSE OF ACTION

(Unfair Competition (Cal. Bus. & Prof. Code § 17200 et seq.))

- Reiche and Ford reallege and incorporate herein by reference their responses to
- Stardock's actions complained of herein are unlawful and/or fraudulent business acts or practices, constituting unfair competition in violation of California Business and
- As a direct, proximate, and foreseeable result of Stardock's wrongful conduct as alleged above, Reiche and Ford have suffered injury and are entitled to relief, including disgorgement of all revenues, earnings, profits, compensation, and benefits obtained by Stardock as a result of its unlawful and/or fraudulent business acts or practices.
- Stardock's unlawful and/or fraudulent business acts or practices described above are a serious and continuing threat to Reiche and Ford, and if Stardock is allowed to continue its wrongful conduct, Reiche and Ford will suffer further immediate and irreparable injury, loss, and damage. In the absence of preliminary and permanent injunctions, Stardock will continue to

(Cancellation of U.S. Trademark Registration No. 2,046,036)

Reiche and Ford reallege and incorporate herein by reference their responses to

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130. U.S. Trademark Registration No. 2,046,036 was improperly renewed and should be cancelled because it was abandoned and/or was obtained fraudulently as set forth above, pursuant to 35 U.S.C. § 1119.

SEVENTH CAUSE OF ACTION

(Conversion)

- 131. Reiche and Ford reallege and incorporate herein by reference their responses to paragraphs 1 through 130 above as if set forth in full.
- 132. Reiche and Ford own and have a right to possess all "plans, drawings, specifications, papers, computer hardware or related equipment, documents, manuals, computer programs, and other records, including all copies thereof" that they developed for Star Control and Star Control II, including, but not limited to, any such property that Atari sent to Stardock as part of the aforementioned bankruptcy proceedings.
- 133. On information and belief, Stardock has intentionally and substantially interfered with Reiche and Ford's aforementioned property by taking possession of it, including, but not limited to, the gold masters and source code for Reiche and Ford's Star Control Games, and preventing Reiche and Ford from having access to them.
 - 134. Reiche and Ford did not consent to these actions by Stardock.
- 135. Reiche and Ford have been harmed as a result of Stardock's actions, and Stardock's actions were a substantial factor in causing Reiche and Ford's harm.

PRAYER FOR RELIEF

WHEREFORE, Reiche and Ford pray for judgment against Stardock on all causes of action and for the following relief:

a. For preliminary and permanent injunctions enjoining Stardock from infringing on Reiche and Ford's copyrights to the Reiche and Ford Registered Copyrights and Reiche and Ford's Star Control Games, including, but not limited to, ceasing all distribution and sales of Star Control, Star Control II, and Star Control 3, and all use of any creative material from Reiche and Ford's Star Control Games in Star Control: Origins;

1	b.	For a declaratory judgment that Reiche and Ford are the owners of the copyrights
2		to Reiche and Ford's Star Control Games, namely Star Control, Star Control II,
3		including The Ur-Quan Masters, and Reiche's Preexisting Characters used in Star
4		Control 3;
5	c.	For preliminary and permanent injunctions enjoining Stardock from using the mark
6		THE UR-QUAN MASTERS in connection with its goods and services, and from
7		making any further statements implying that Reiche and Ford have or had any
8		involvement or association or relationship with or connection to Stardock or its
9		goods and services, and/or implying that there is any connection or relationship
0		between Reiche and Ford's Star Control Games and Star Control: Origins;
1	d.	For an order to the USPTO to cancel U.S. Trademark Registration No. 2,046,036;
2	e.	For an injunction compelling Stardock to return the gold masters and source code
3		to Reiche and Ford, as well as any other property that they developed for Star
4		Control and Star Control II;
5	f.	For an accounting and award of Stardock's profits and disgorgement of Stardock's
6		revenues, earnings, profits, compensation, and benefits obtained by its infringement
7		and/or unlawful and/or fraudulent business acts or practices;
8	g.	For Reiche's and Ford's damages according to proof, trebled for Stardock's
9		violations of Section 43 of the Lanham Act;
20	h.	In the alternative, for Stardock's copyright infringement, statutory damages;
21	i.	For exemplary and punitive damages;
22	j.	For attorneys' fees;
23	k.	For costs of suit herein incurred;
24	1.	For post-judgment interest as ordered by the Court;
25	m.	For any other remedies to which Reiche and Ford may be entitled under federal or
26		state law; and
,,	n	For any other and further relief the court may deem proper

1	J	URY DEMAND
2	Reiche and Ford demand a trial by	y jury on all issues so triable.
3		
4	DATED: February 22, 2018	BARTKO ZANKEL BUNZEL & MILLER
5		A Professional Law Corporation
6		
7		By: /s/ Stephen C. Steinberg Stephen C. Steinberg
8		Attorneys for Defendants and Counter-Claimants
9		PAUL REICHE III and ROBERT FREDERICK FORD
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